Case No. 2018-120

United States Court of Appeals for the Federal Circuit

IN RE BIGCOMMERCE, INC.,

Petitioner.

On Petition For A Writ of Mandamus To The United States District Court for the Eastern District of Texas
In Case No. 6:17-cv-00186
Judge Rodney Gilstrap

RESPONDENT'S OPPOSITION TO PETITION FOR WRIT OF MANDAMUS

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January 4, 2018

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CERTIFICATE OF INTEREST

Pursuant to Federal Circuit Rule 47.4(a)(1) and Federal Rule of Appellate Procedure 26.1, counsel for Respondent Diem LLC certifies the following:

1. **Full Name of Party Represented by me:**

Diem LLC

2. **Name of real party in interest (if the party named in the caption is not the real party in interest) represented by me is:**

None

3. **Parent corporations and publicly held companies that own 10% or more of stock in the party:**

No publicly held corporation owns 10% or more of Diem LLC stock.

4. **The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court (and who have not or will not enter an appearance in this case) are:**

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5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal are:

Express Mobile, Inc. v. BigCommerce, Inc., No. 2:17-cv-00160-JRG-RSP, pending in the Eastern District of Texas, is another case that may be affected by this Court's decision on this mandamus petition.

Dated: January 4, 2018

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STATEMENT OF RELATED CASES

Pursuant to Federal Circuit Rule 47.5, Diem LLC states as follows:

(a) There have been no other appeals in or from the underlying district court proceeding before this or any other appellate court;

(b) *Express Mobile, Inc. v. BigCommerce, Inc.*, No. 2:17-cv-00160-JRG-RSP, pending in the Eastern District of Texas, is another case that may be affected by this Court's decision on this mandamus petition.

RELIEF SOUGHT

Respondent Diem LLC ("Diem") seeks an order denying with prejudice Petitioner BigCommerce, Inc.'s ("BigCommerce") Petition for Writ of Mandamus or, alternatively, an order directing the District Court to vacate its denial of BigCommerce's motion to dismiss and remanding to determine whether BigCommerce waived its venue challenge within the framework put forth under *In re Micron Tech., Inc.*, 875 F.3d 1091 (Fed. Cir. 2017).

I. INTRODUCTION

The question posed by the Petition for Writ of Mandamus ("Petition") is not amenable to resolution by mandamus for one simple reason – there is no plausible interpretation of *TC Heartland* in which 28 U.S.C. § 1400(b) requires that a corporation resides only within a particular district of the multi-district state in which it is incorporated.

If a corporation must reside within a particular district of the state in which it is incorporated – as BigCommerce, Inc. suggests – then how do you decide *which* district? What about corporations that incorporate in a multi-district state, but have no regular and established places of business within the state? What if they conduct absolutely no business within the state? BigCommerce, Inc. ("BigCommerce") cites to no authority that would resolve such a scenario where a corporation has no ties to a multi-district state other than incorporating in said state. Instead, BigCommerce presumes that corporate defendants have a place of business within the state and that the location of the business dictates the particular district in which the corporation resides for purposes of venue. This approach is a complete fabrication that is not supported by statute or case law and only serves BigCommerce's interests.

Put another way, there are not two competing views requiring resolution by this Court; instead, this Petition represents BigCommerce's last avenue by which it

seeks to evade litigation within the Eastern District of Texas, despite the propriety of the venue. Because the district court found venue in the underlying case to be correct under 28 U.S.C. § 1400(b), mandamus must be denied should this Court even so much as suspect that venue is correct.

The most recent, and undeniably strongest, commentary on the matter of proper patent venue is the Supreme Court's May 2017 decision in *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514 (2017) – a decision that BigCommerce tries to downplay and avoid in its Petition based only on the fact that the litigation originated within a single-district state. Nowhere did the Supreme Court limit its holding to single-district states. Quite to the contrary, the Supreme Court intentionally made no distinction between single and multi-district states because its holding warrants the same result in all states: that a corporate defendant resides within all districts of the state in which it is incorporated.

Looking past the substantive merits of BigCommerce's fabricated interpretation of the patent venue statute and the relevant cases interpreting it, BigCommerce's Petition asks this Court to order the U.S. District Court for the Eastern District of Texas (the "District Court") to dismiss the case outright on the basis of improper venue. This is a wholly inappropriate request given that the District Court denied BigCommerce's motion to dismiss for improper venue on two separate grounds: 1) BigCommerce waived its venue challenge and 2) venue is

proper under 28 U.S.C. § 1400. Contrary to BigCommerce's Petition, *In re Micron Technologies* does not flatly overturn the District Court's holding that BigCommerce waived its venue challenge. In fact, *In re Micron* specifically left it to the district courts to decide whether a defendant waived its venue challenge outside of Rule 12(g)(2) and 12(h)(1)(A). BigCommerce's Petition conveniently ignores this fact and asks this Court to order the District Court to dismiss the entire proceeding based solely on BigCommerce's unilateral conclusion that *In re Micron* precludes any finding that BigCommerce waived its venue challenge. Thus, regardless of how this Court decides to answer the question regarding a corporation's residence within a multi-district state in which it is incorporated, dismissal of the underlying proceeding is inappropriate as the District Court must then determine if BigCommerce nonetheless waived its venue challenge within the framework of *In re Micron*.

Finally, BigCommerce has failed to meet the heavy burden imposed by this Court on petitioners seeking a writ of mandamus. Mandamus does not represent the only avenue by which BigCommerce could remove the litigation from the challenged forum. Moreover, BigCommerce's proposed interpretation of § 1400(b) is by no means "clear and undisputed" – in fact it is the opposite. Finally, the extraordinary relief of mandamus is not appropriate for this case as the

purported question to be answered is one purely fabricated by BigCommerce's twisted reading of statutory language and the cases that interpret it.

II. STATEMENT OF FACTS

Respondent Diem LLC ("Diem") filed its complaint for patent infringement on March 27, 2017 in the U.S. District Court for the Eastern District of Texas, alleging proper venue under 28 U.S.C. §§ 1391 and 1400. On April 13, 2017, Petitioner BigCommerce, Inc. ("BigCommerce") filed a motion to dismiss for failure to state a claim under Fed. R. Civ. P. 12(b)(6), but did not seek dismissal under Fed. R. Civ. P. 12(b)(3), and did not register any objection to venue. BigCommerce's May 4, 2017 reply brief similarly did not object to venue. Based on BigCommerce's motion to dismiss, the United States District Court for the Eastern District of Texas (the "District Court") issued an order on May 12, 2017, directing Diem to file within fourteen days an amended complaint that complied with the *Iqbal* and *Twombly* pleading standard.

During this fourteen day period, the Supreme Court handed down its decision in *TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S. Ct. 1514 (2017). Diem filed its first amended complaint on May 26, 2017, alleging venue under 28 U.S.C. § 1400(b) and noting that venue was proper in light of the Supreme Court's recent *TC Heartland* decision. BigCommerce then filed a motion to dismiss for improper venue under Fed. R. Civ. P. 12(b)(3) on May 31, 2017,

relying on *Stonite Prods. Co. v. Melvyn Lloyd Co.*, 315 U.S. 561 (1942). The District Court handed down an order on July 27, 2017, denying BigCommerce's motion to dismiss on two grounds: a finding of waiver under Fed. R. Civ. P. 12(h)(1)(A) and a finding that venue is proper in light of *TC Heartland* and *Stonite*.

The case proceeded for four months with no procedural motions until BigCommerce filed a motion to transfer venue under 28 U.S.C. § 1404(a) on November 7, 2017, seeking transfer of the case to the Northern District of California. Briefing on BigCommerce's motion to transfer ended on December 6, 2017. Before receiving any disposition on its motion to transfer, BigCommerce filed the instant petition for a writ of mandamus on December 22, 2017.

This case is not in its infancy. The deadline to substantially complete document production occurred in late December 2017. Moreover, Diem has already filed its opening claim construction brief with BigCommerce's responsive claim construction brief due on January 11, 2018. The ever important *Markman* hearing is scheduled on February 8, 2018, just over a month from now.

III. ARGUMENT

A. Substantive Reasons the Writ Should Not Issue

The holding in *TC Heartland* demonstrates the Supreme Court's understanding that modern corporations differ from individuals in terms of where they can reside. Individuals necessarily must exist and live at a certain location.

There is no ethereal plane in which an individual does not have a particular physical location in which they "reside." However, corporations differ from individuals in that they are created simply by filing with a secretary of state and do not require any physical presence whatsoever. Corporations are entities that can exist under the laws of a state while not physically existing anywhere (in the state or otherwise). When asked to define the "residence" of corporations for purposes of 28 U.S.C §1400(b), the Supreme Court recognized this disconnect between physical presence and "residence," choosing to define a corporation's residence for purposes of patent venue as the entire state in which it is incorporated. *TC Heartland*, 137 S. Ct. at 1517 ("[A] domestic corporation resides . . . in its **State** of incorporation for purposes of the patent venue statute.") (emphasis added and internal quotation marks omitted).

Thus, a corporation incorporated under the laws of Texas, having no place of business within Texas, and conducting no business within Texas, is considered to "reside" in Texas by virtue of its incorporation within the state. This is consistent with the holding of *TC Heartland*. It is this hypothetical corporation which demonstrates that the Supreme Court's ruling in *TC Heartland* (and its predecessor cases) necessarily holds that a domestic corporation resides in the state of its incorporation and if that state contains more than one judicial district, the corporate defendant resides in each such judicial district for venue purposes.

1. *Statutory Text and TC Heartland*

BigCommerce points to the text of 28 U.S.C. § 1400(b) and states that its plain meaning dictates that residence is "something that happens in a single judicial district, not in multiple districts simultaneously." Petition at 5. However, BigCommerce fails to demonstrate how construing § 1400(b) to require that a corporation reside in a single district would apply to a corporation which has no ties to the state other than being incorporated within it. BigCommerce may think that its constricted interpretation of § 1400(b) can resolve its own situation (wherein BigCommerce has a place of business in Austin, TX), but they do not offer any broader suggestions as to **how** it can be determined which district within a multi-district state qualifies as a corporation's residence. Do you base it off of where the corporation has a place of business in the state – if they have one? Off of where they conduct business in the state – if they do any such business? Off of where the certificate of incorporation is on file with the state?

This is the reason that *TC Heartland* expressly limited a corporation's residence for patent venue purposes to the state in which it is incorporated. The state line is the only geographical boundary with which you can assuredly define a corporation's presence within a state. When incorporating, there is no requirement that you open a place of business somewhere in the state or that you conduct business within the state. The days of corporations only operating local shops that

only conduct local business are long gone. Modern businesses are fluid, amorphous entities that operate on an interstate and international level, often completely removed from the state in which they incorporate. BigCommerce previously noted that the purpose of the venue statute is to "protect the defendant against … unfair or inconvenient place of trial." Petition at 15. To further this goal, the Supreme Court decided to limit a corporation's residence to the state whose laws the corporation has availed itself by incorporating within it. That way a corporation's residence is known to be any of the judicial districts within their state of incorporation, even if the corporation has no business dealings within the state.

Unhappy with the Supreme Court's explicit interpretation of § 1400(b), BigCommerce attempts to downplay the *TC Heartland* holding as dictum because it involved a defendant that was incorporated in a single-district state (Delaware) while the case at hand involves a multi-district state of incorporation. Petition at 6. This is a red herring. *TC Heartland* states that "[t]he question presented in this case is where proper venue lies for a patent infringement lawsuit brought against a domestic corporation." 137 S. Ct. at 1516. It follows that the *TC Heartland* holding purports to clarify the language in the patent venue statute; it neither distinguishes between single and multi-district states nor limits its holding to Delaware. Sure enough, *TC Heartland* uses similarly sweeping language in its

holding, declaring that "[w]e therefore hold that a domestic corporation resides only in its State of incorporation for purposes of the patent venue statute. *Id.* at 1517 (internal quotation marks omitted). The Supreme Court's holding is generally applicable to all proceedings that rely on § 1400(b) for venue purposes, which included the originating Delaware proceeding. Drawing a line between proceedings in single district states vs. multi-district state is a fabricated distinction unsupported by the opinion.

2. *BigCommerce Mischaracterizes Stonite*

Diem feels that *TC Heartland* alone is dispositive of the issue at hand based on its holding that a corporate defendant resides in each judicial district of the state in which they are incorporated for patent venue purposes. Nevertheless, the cases cited and analyzed in BigCommerce's Petition offer no new precedent that alters the *TC Heartland* holding.

BigCommerce wholly misunderstands the appellate posture of *Stonite*. The patent venue statute in place at the time of *Stonite* was Section 48 of the Judicial Code (28 U.S.C. § 109) and is reproduced below, as cited in *Stonite.*

> In suits brought for the infringement of letters patent the district courts of the United States shall have jurisdiction, in law or in equity, in the district of which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business. If such suit is brought in a district of which the defendant is not an inhabitant, but in

> which such defendant has a regular and established place of business, service of process, summons, or subpoena upon the defendant may be made by service upon the agent or agents engaged in conducting such business in the district in which suit is brought.

Stonite Products, Co. v. Melvin Lloyd Co., 315 U.S. 561, 562 n.1 (1942). Section 48 allows venue for patent cases in two scenarios: 1) in the district in which the defendant is an "inhabitant," and 2) in any district where defendant has committed acts of infringement and has a regular and established place of business. *Id.*

In the *Stonite* district court, two defendants were jointly sued for patent infringement in the Western District of Pennsylvania. *Melvin Lloyd Co. v. Stonite Prod. Co.*, 36 F. Supp. 29, 29 (W.D. Pa. 1940). One defendant was a "resident" of the Western District of Pennsylvania while one defendant was a "resident" of the Eastern District of Pennsylvania with no place of business in the Western District of Texas. [1] *Id.* In dismissing the case for improper venue, the district court stated that "venue in patent suits may be laid only in a district where the acts of infringement occurred, and where the infringer has a regular and established place of business. Such is not the case in the instant suit." *Id.* In other words, the district court examined whether venue was proper under scenario two of Section

[1] It is noteworthy that the district court in *Stonite* described the defendants as "residents" of judicial districts in Pennsylvania. The patent venue provision in Section 48 of the Judicial Code is predicated on the location in which a defendant is an "inhabitant," not a resident. Nevertheless, the *Stonite* court does not address this contradiction because venue based on "inhabitan[ce]" was not at issue in the case.

48 before dismissing, not scenario one. The plaintiff maintained that venue was nevertheless proper in this case, **NOT** based on scenario one of Section 48 requiring "inhabitan[ce]," but based on the general venue statute (then, Section 52 of the Judicial Code or 28 U.S.C. § 113). *Id*. The district court rejected this argument and held that Section 52 did not apply to patent cases. *Id*.

On appeal, the petitioner argued that the general venue statute (Section 52) governed patent cases and constituted grounds for proper venue. *Melvin Lloyd Co. v. Stonite Prod. Co.*, 119 F.2d 883, 884-85 (3d Cir. 1941). This argument would have sufficed because Section 52 expressly permitted suits against two defendants residing in different districts of the same state. *Id*. at 885. The Third Circuit subsequently found Section 52 applicable to patent cases and reversed. *Id*. at 887. This same issue was then appealed to the Supreme Court where the Third Circuit was overturned and Section 48 was confirmed to be the sole statute governing patent venue. *Stonite*, 315 U.S. at 563.

Not once during the lifetime of the *Stonite* case did any court undertake analysis of Section 48 to the extent venue is proper in the district in which the defendant is an "inhabitant" – i.e., scenario one. This is because that portion of the statute was never at issue in the case. The *Stonite* plaintiff decided to forego venue under Section 48 and instead asserted venue based on the general venue provision of Section 52 – which forced the Supreme Court to address one question: "[t]he

only question presented . . . is whether Section 48 of the Judicial Code . . . is the sole provision governing the venue of patent infringement litigation." *Stonite*, 315 U.S. at 561 (emphasis added). The Supreme Court found Section 48 to solely govern patent venue and it is this holding that was reaffirmed in *Fourco Glass Co. v. Transmirra Products Corp.*, 353 U.S. 222 (1957) and *TC Heartland*.

BigCommerce acknowledges that the Supreme Court in *Stonite* never addressed the meaning of the term "inhabitant" as used in Section 48, but nevertheless argues that the court implicitly construed the term to be limited to one judicial district because there would have been no conflict between Sections 48 and 52 if "inhabitant" included all judicial districts within the state. Petition at 8, 10-11. This reasoning assumes facts that do not exist. The plaintiff in *Stonite* never argued that venue was proper under Section 48 based on where the defendant(s) inhabited. The district court did not decide to analyze whether venue would have been appropriate had the plaintiff asserted venue based on where the defendant(s) inhabited.[2] *See generally Melvin Lloyd Co. v. Stonite Prod. Co.*, 36 F. Supp. 29 (W.D. Pa. 1940). Neither did the Third Circuit or the Supreme Court. *See generally Melvin Lloyd Co. v. Stonite Prod. Co.*, 119 F.2d 883 (3d Cir. 1941);

[2] In fact, it seems that the *Stonite* district court completely ignored the statute's permitting venue based on the defendant's inhabitance: "In our view, the [general venue] statute does not apply to patent suits, because the venue in patent suits may be laid *only* in a district where the acts of infringement occurred, and where the infringer has a regular and established place of business." *Melvin Lloyd Co. v. Stonite Prod. Co.*, 36 F. Supp. 29, 29 (W.D. Pa. 1940) (emphasis added).

Stonite Products, Co. v. Melvin Lloyd Co., 315 U.S. 561 (1942). All three courts considered the facts of the case to be clear: venue was wrong under the second scenario of Section 48, but venue was right under Section 52. The only issue warranting discussion was the threshold issue of whether Section 52 applied to patent cases. Once the Supreme Court declared that Section 52 did not apply to patent cases, the court could reverse (and not remand) because it was previously determined that venue under Section 48, as already addressed by the district court, was improper due to the defendant's lack of a regular and established business within the district.

3. *"Inhabitant" vs. "Resident"*

These two terms constitute a point of contention as they directly affect the scope of the patent venue statute and have been afforded different meanings by courts over the years. The District Court in the underlying proceeding noticed this disconnect and Diem would like to expand on this issue. Petition Appx005 at n.2.

Stonite confirmed that Section 48 was the sole provision governing patent venue and that Section 52's generally applicable venue language did not apply to patent cases. 315 U.S. at 555-56. As explained in the previous section, this decision was reached without ever addressing the meaning of the term "inhabitant" within the context of Section 48. After *Stonite* was decided, the Judicial Code was revised and recodified in 1948 which included changes to Section 48 (then

renamed to 28 U.S.C. § 1400(b)). *See* Petition Appx013. Among these changes was the substitution of the term "resident" for "inhabitant." Id.

In 1957, the Supreme Court granted *certiorari* in *Fourco Glass Co. v. Transmirra Products Corp.* to determine if the newly codified 28 U.S.C. § 1400(b) remained the sole provision governing venue in patent cases, or if the general venue language in 28 U.S.C. § 1391(c) (formerly, Section 52) applied. 353 U.S. 222, 223-24 (1957). The Supreme Court noted that the question presented in *Fourco* was "not legally distinguishable" from that presented in *Stonite*. *Id*. at 224. The *Fourco* court proceeded to find that no substantive changes were made during revision/recodification and accordingly reaffirmed *Stonite*'s holding that § 1400(b) (formerly Section 48) was the sole provision governing patent venue. *Id*. at 229.

In its *Fourco* opinion, the Supreme Court reviewed the differences between Section 48 and its newly-revised counterpart, 28 U.S.C. § 1400(b). 353 U.S. at 226. The court relied on the Revisers' Notes as guidance for why certain changes were made. *Id*. The Revisers' Notes (and the court's commentary) regarding the change from "inhabitant" to "resident" is reproduced below:

> (2) "Words in subsection (b) 'where the defendant resides' were substituted for 'of which the defendant is an inhabitant'" because the "Words 'inhabitant' and 'resident,' as respects venue, are synonymous" (we pause here to observe that this treatment, and the expressed reason for it, seems to negative any intention to make corporations suable, in patent infringement cases, where they are merely "doing business," because those

> synonymous words mean domicile, and, in respect of corporations, mean the state of incorporation only. *See Shaw v. Quincy Mining Co.*, 145 U. S. 444);

353 U.S. at 226. This is the first time that the Supreme Court examined the meaning of "inhabitant" as used in the patent venue statute,[3] and unequivocally states that "inhabitant" is synonymous with "resident" which is synonymous with "domicile" in that these words require presence beyond "merely doing business" – which for a corporation equates to the "state of incorporation only." *Id*. Put another way, the Supreme Court explicitly states that incorporation within a state constitutes residing in the state, but "merely doing business" does not.

Under this *Fourco* interpretation, a corporation that is incorporated in a particular state is considered to "reside" in the state and is suable under § 1400(b) regardless of whether it may or may not have a place of business in the state or even conduct business within the state. Under BigCommerce's interpretation, such a corporation resides in the state, but is only amenable to suit in a particular district within the state. However, BigCommerce offers no guidance as to which district is appropriate aside from citing pre-*Fourco* cases wherein the court selected a district based on the defendant's having a place of business in the district. To this, Diem

[3] The Supreme Court discussed the meaning of "inhabitant" in pre-*Fourco* cases, but only within the general venue statute applicable at the time. BigCommerce cites to two of these cases in its Petition: *Shaw v. Quincy Mining Co.*, 145 U.S. 444 (1892), and *Galveston, H. & S.A. Ry. Co. v. Gonzales*, 151 U.S. 496 (1894). *Fourco* represents the first time the Supreme Court addressed "inhabitant" as used in the patent venue statute.

posits a question – if a corporation *must* reside in a single judicial district as BigCommerce proposes, then in which judicial district does a corporation reside if it is incorporated in a multi-district state but maintains no place of business within the state?

TC Heartland did nothing aside from reaffirm *Fourco*. *TC Heartland*, 137 S. Ct. at 1517 ("We conclude that the amendments to § 1391 did not modify the meaning of § 1400(b) as interpreted by *Fourco*."). *TC Heartland* confirmed that 28 U.S.C. § 1400(b) is the sole provision governing patent venue, just as *Fourco* and *Stonite* did. *Id*. at 1521. *TC Heartland* also confirmed that, as applied to corporations, "resident" in § 1400(b) refers only to the state of incorporation, just as *Fourco* did. *Id*. at 1517.

Looking back, cases prior to the Supreme Court's *Fourco* decision demonstrate a different understanding of the word "inhabitant" as used in venue statutes, referring more to the physical location of a corporation. As noted by the District Court, pre-*Fourco* cases distinguished between a corporation's "inhabitance" and its "citizenship." Petitioner Appx 005. In 1892, the Supreme Court defined a corporation's "citizenship" as the "state in which the corporation is domiciled" and "the place where it is located by or under the authority of its charter." *Shaw v. Quincy Mining Co.*, 145 U.S. 444, 451–52 (1892). With its focus on the state in which a corporation is **domiciled**, it is the pre-*Fourco* concept of

"citizenship" which is synonymous with the terms "inhabitant" and "resident" as used in § 1400(b) and clarified by the Supreme Court in *Fourco* and *TC Heartland*. On the other hand, the pre-*Fourco* Supreme Court understood a corporation's "inhabitance" to refer to the **physical location** of its business. *Galveston, H. & S.A. Ry. Co. v. Gonzales*, 151 U.S. 496, 504 (1894) ("In the case of a corporation, the question of inhabitancy must be determined, not by the residence of any particular officer, but by the principal offices of the corporation, where its books are kept and its corporate business is transacted.").

It is this distinction between a corporation's "inhabitance" and "citizenship" that drives a wedge between the pre- and post-*Fourco* definition of "inhabitant." In *Galveston*, the Supreme Court adopted the pre-*Fourco* definition of "inhabitant" and found that venue was improper under the general venue statute because the defendant's principal place of business lied in a different district. 51 U.S. at 498. The pre-*Fourco* Supreme Court explicitly equated where the defendant "inhabits" with where its physical offices are located: "the location of the company's principal office fixes the domicile or residence of the corporation, so that it cannot be treated or regarded as an inhabitant of any other district in the state of its creation."

Galveston, 151 U.S. at 510 (internal citations omitted).[4] If this pre-*Fourco* definition of "inhabit" carried forward to today, then Diem reiterates its question: in which judicial district does a corporation reside if it is incorporated in a multi-district state but maintains no place of business within the state?

The pre-*Fourco* definition contradicts the definition promulgated by the Supreme Court in *Fourco* and *TC Heartland*. In *Fourco* and *TC Heartland*, the Supreme Court explicitly state that "inhabit" and "reside" refer to the state of incorporation. Nowhere in *Fourco* and *TC Heartland* does the court mention the location of a defendant's place of business when discussing where a defendant "resides." That is because such a fact has no effect on determining where a corporation "resides."

The only tenuous connection that can be drawn between the term "resident" and the physical location of a corporation's business is the Revisers' Notes which state that "resident" and "inhabitant" are synonymous (Petition Appx013); BigCommerce is quick to make this connection and points out that there is century old case law in which the Supreme Court equated "inhabitant" with the physical location of a business. Petition at 8-10 (citing *Galveston*, 151 U.S. at 503-504).

[4] The other two cases cited in the Petition follow the same lead. Both *California Irrigation Servs., Inc. v. Barton Corp*. and *Action Commc'n Sys., Inc. v. Datapoint Corp.* equate the location where the defendants "inhabit" with the particular district in the state of incorporation in which the defendant has a principal place of business. *California Irrigation*, 654 F. Supp. 1, 2-3 (N.D. Cal. 1985); *Action Commc'n*, 426 F. Supp. 973, 974- 75 (N.D. Tex. 1977).

Essentially, BigCommerce is relying on a pseudo-transitive property to support its connecting a corporation's "residence" with the physical location of its business. However, the *Fourco* court cites to the same Revisers' Notes but has the foresight to clarify exactly what it is that "inhabitant" and "resident" are synonymous with:

> the "Words 'inhabitant' and 'resident,' as respects venue, are synonymous" (we pause here to observe that this treatment, and the expressed reason for it, seems to negative any intention to make corporations suable, in patent infringement cases, where they are merely "doing business," **because those synonymous words mean domicile, and, in respect of corporations, mean the state of incorporation only**

Fourco, 353 U.S. at 226 (emphasis added). Thus, the statement in *Fourco* equating "inhabitant" and "resident" as synonyms should not be read as outright adopting all previous case law that addresses the definition of "inhabit." Instead, it ought to be read as confirmation from the Supreme Court that the change in language did not open the gates for corporations to be sued merely for doing business within a district – instead, the new term "reside" is to be read like "inhabit" which requires that the corporation be "domicile[d]" within the venue (adopting the pre-*Fourco* concept of "citizenship"). Drawing the last connection, *Fourco* states that, "domicile, in respect of corporations, mean[s] the state of incorporation only." *Id.*

Based on the forgoing reasons, the Supreme Court has already answered BigCommerce's presented question regarding a corporation's residence within the

multi-district state in which it is incorporated. BigCommerce's selective interpretation of *Stonite* and reliance on pre-*Fourco* case law does absolutely nothing to change the Supreme Court's explicit interpretation of 28 U.S.C. § 1400(b).

B. BigCommerce May Have Waived its Venue Challenge Under the Framework of *In re Micron Technologies*

Turning to the relief sought, this Court should not order the District Court to dismiss the underlying litigation as requested in BigCommerce's Petition. The District Court's denial of BigCommerce's motion to dismiss for improper venue was predicated on two grounds: 1) BigCommerce waived its venue challenge, and 2) venue is proper under 28 U.S.C. § 1400(b) in light of *TC Heartland*. Petition Appx002-006. The majority of BigCommerce's Petition focuses on the second grounds for denial and dedicates one paragraph to the first grounds before unilaterally concluding that "*In re Micron* thus eliminated the District Court's first basis for denying dismissal for improper venue under Section 1406." Petition at 3.

While *In re Micron* may dictate that BigCommerce has not waived its venue challenge under Rule 12(g)(2) and 12 (h)(1)(A), it does not resolve whether BigCommerce waived its venue challenge within the *Dietz* framework as promulgated by this Court in its *In re Micron* decision. *In re Micron* declared that *TC Heartland* constituted an intervening change of law that renders Fed R. Civ. P. 12(h)(1)(A)'s waiver rule inapplicable, but left open the question of whether a

defendant could have waived its venue challenge outside of Fed. R. Civ. P. 12. *In re Micron Tech., Inc.*, No. 2017-138, ECF No. 22 at 14 (Fed. Cir. Nov. 15, 2017). Because district courts have statutory authorization to generally consider the timeliness and adequacy of a venue objection, this Court confirmed that district courts have "authority to find forfeiture of a venue objection" outside of Fed. R. Civ. P. 12, provided that the authority is "properly exercised within the framework of *Dietz*, which requires respecting, and not 'cirumvent[ing],' relevant rights granted by statute or Rule." *Id.* at 16.

As a result, *In re Micron* does not preclude the District Court from finding that BigCommerce waived its venue objection. It only precludes any such waiver under Fed. R. Civ. P. 12. While it is true that the District Court relied on Fed. R. Civ. P. 12 in concluding that BigCommerce waived its venue objection (Petition Appx002-003), an order from this Court directing the District Court to dismiss the case for improper venue would foreclose any consideration of waiver under the *Dietz* framework. More appropriately, if this Petition is granted, this Court should enter an order directing the District Court to vacate its denial of BigCommerce's motion to dismiss and remanding to the District Court for determination of whether BigCommerce waived its venue challenge within the *Dietz* framework as publicized in *In re Micron Tech., Inc.*, No. 2017-138, ECF No. 22 (Fed. Cir. Nov. 15 2017).

C. BigCommerce Fails to Meet the Burden Required of Mandamus

The Supreme Court "repeatedly has observed that the writ of mandamus is an extraordinary remedy, to be reserved for extraordinary situations." *Cheney v. U.S. Dist. Court*, 542 U.S. 367, 403 (2004) (quotation omitted); *Kerr v. U.S. Dist. Court for N. Dist. of Cal.*, 426 U.S. 394, 402 (1976) ("The remedy of mandamus is a drastic one, to be invoked only in extraordinary situations.").

This Court recently addressed what is required in order for a writ of mandamus to issue: "[a] party seeking a writ of mandamus bears the heavy burden of demonstrating to the court that it has no adequate alternative means to obtain the desired relief, and that the right to issuance of the writ is clear and indisputable. And even when those requirements are met, the court must still be satisfied that the issuance of the writ is appropriate under the circumstances." *In re Nintendo of Am., Inc.*, No. 2017-127, ECF No. 30 at 3 (Fed. Cir. July 26, 2017) (quotations omitted). Moreover, this Court has emphasized that mandamus is an inappropriate avenue to challenge a ruling when a legal argument can be made in support of the ruling in question. *In re Cordis Corp.*, 769 F.2d 733, 737 (Fed. Cir. 1985) ("the remedy of mandamus is 'strong medicine' to be reserved for the most serious and critical ills, and if a rational and substantial legal argument can be made in support of the rule in question, the case is not appropriate for mandamus, even though on normal appeal, a court might find reversible error.").

1. *BigCommerce Had Alternative Means for the Desired Relief*

The goal of BigCommerce's Petition is to receive an order directing the District Court to dismiss the litigation based on improper venue. However, such a dismissal does not resolve the merits of any potential patent infringement that BigCommerce may have committed. If the litigation were to be dismissed for improper venue, then Diem would pursue the same allegations in a different forum. Essentially, what BigCommerce is asking for is to not have the litigation occur in the Eastern District of Texas.

But mandamus is not the only means for removing the litigation from the Eastern District of Texas. 28 U.S.C. § 1404(a) affords BigCommerce the means to move the District Court for a transfer to another forum that is "clearly more convenient" than the forum chosen by the plaintiff. *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 315 (5th Cir. 2008). Not only was BigCommerce aware of this alternative route, but it was *actively pursuing it* at the time it filed this Petition. *See* Petition at 17 n.2. BigCommerce cannot do both because mandamus is predicated on there being no other means to receive the relief sought. In other words, BigCommerce cannot simultaneously claim there is no alternative means to seek removal of the litigation from the Eastern District of Texas while also pursuing a § 1404(a) motion to transfer to the Northern District of California.

Finally, BigCommerce's focus on the inconvenience of a trial that would result from waiting until post-judgment to appeal rings hollow as such harm has been accepted as part and parcel of the final judgment rule. *Bankers Life & Cas. Co. v. Holland*, 346 U.S. 379, 383 (1953) ("it is established that the extraordinary writs cannot be used as substitutes for appeals, even though hardship may result from delay and perhaps unnecessary trial; and whatever may be done without the writ may not be done with it") (citations omitted). While post-judgment appeal could "give rise to a myriad of legal and practical problems as well as inconvenience," "Congress must have contemplated those conditions in providing that only final judgments are reviewable." *Bankers Life*, 346 U.S. at 383; *see also In re BP Lubricants USA Inc.*, 637 F.3d 1307, 1313 (Fed. Cir. 2011) ("Not all circumstances in which a defendant will be forced to undergo the cost of discovery and trial warrant mandamus. To issue a writ solely for those reasons would clearly undermine the rare nature of its form of relief and make a large class of interlocutory orders routinely reviewable.").

Essentially, BigCommerce has not met its burden in demonstrating that mandamus represents the only means of relief because it was already pursuing an alternative means for relief, and because, if necessary, BigCommerce's relief could be achieved on post-judgment appeal.

2. *Denial of the Writ is Clear and Undisputable*

As explained previously in Section III.A., the Supreme Court has made it expressly clear that a domestic corporation resides in the state of its incorporation and if that state contains more than one judicial district, the corporate defendant resides in each such judicial district for venue purposes. This understanding conforms to the legislative commentary on 28 U.S.C. § 1400(b), applies to all corporate defendants regardless of whether they do business in their incorporated state, and is consistent with the Supreme Court's opinions in *Stonite*, *Fourco*, and *TC Heartland*.

Given the above, BigCommerce cannot plausibly claim that its interpretation of § 1400(b) is "clear and undisputable" such that issuance of a writ of mandamus is justified. This Court has previously noted that a viable dispute over the rule is enough to preclude issuance of the writ. *In re Cordis Corp.*, 769 F.2d 733, 737 (Fed. Cir. 1985) ("…if a rational and substantial legal argument can be made in support of the rule in question, the case is not appropriate for mandamus…"). In the instant case, there is more than a "rational and substantial legal argument" against BigCommerce's proposed interpretation such that *denial* of the petition, not issuance of the writ, is clear and undisputable.

3. *Extraordinary Relief is Not Appropriate Under These Circumstances*

BigCommerce claims that mandamus is appropriate based on its own unilateral conclusion that the issue of corporate residence in a multi-district state is an "important, recurring, and unsettled question." Petition at 16. As is a theme throughout its Petition, BigCommerce fabricates this so-called "unsettled question" based on its own tortured reading of the Supreme Court's explicit guidance on the matter. BigCommerce cannot simply dismiss the *TC Heartland* holding because the underlying litigation took place in a single-district state. The Supreme Court did not limit its interpretation of the term "resides" in § 1400(b) to only apply to single-district states. Rather, *TC Heartland* represents a generally applicable interpretation which, when applied to multi-district states, renders venue appropriate in any district within the state of incorporation.

For any one of the foregoing reasons, this case is patently inappropriate for mandamus review.

IV. CONCLUSION

For the foregoing reasons, Respondent Diem LLC respectfully requests that this Court deny BigCommerce's Petition with prejudice.

Dated: January 4, 2018

Respectfully submitted,

/s/ Brett Rismiller

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CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATION, TYPEFACE REQUIREMENTS, AND TYPE STYLE REQUIREMENTS

The undersigned certifies that this brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 21(d). The brief contains 6,660 words, as calculated by the "Word Count" feature of Microsoft Word 2013, the word processing program used to create it.

The undersigned further certifies that this brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(c)(2). This brief has been prepared in a proportionally spaced typeface using Microsoft Word 2013 in Times New Roman 14 point font.

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CERTIFICATE OF SERVICE

I hereby certify that on January 4, 2018, I electronically filed the foregoing **RESPONDENT'S OPPOSITION TO PETITION FOR WRIT OF MANDAMUS** with the Clerk of the United States Court of Appeals for the Federal Circuit and served a copy on counsel of record by electronic delivery through the Court's CM/ECF filing system.

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